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ABSTRACT

An introduction to Minnesota's educational finance system as of school year 1983-84, this compilation describes various aid programs, defines relevant terms, and shows how funds are allocated. The first section defines the following: the Foundation Aid Program, the state's basic school financing mechanism, which includes state and local funds with an equalizing factor and 11 special allowances; other revenue programs, including referendum levies, summer school aid, and eight categorical aids; and variables, concepts, and procedures used to allocate funds. The remainder of the report illustrates with simple examples the eligibility criteria and funding formulae for foundation, categorical, and tax relief aids; compares the 1983-84 foundation program with that for 1984-85; and summarizes the revenues available to school districts in 1983-84 and 1984-85. (MCG)

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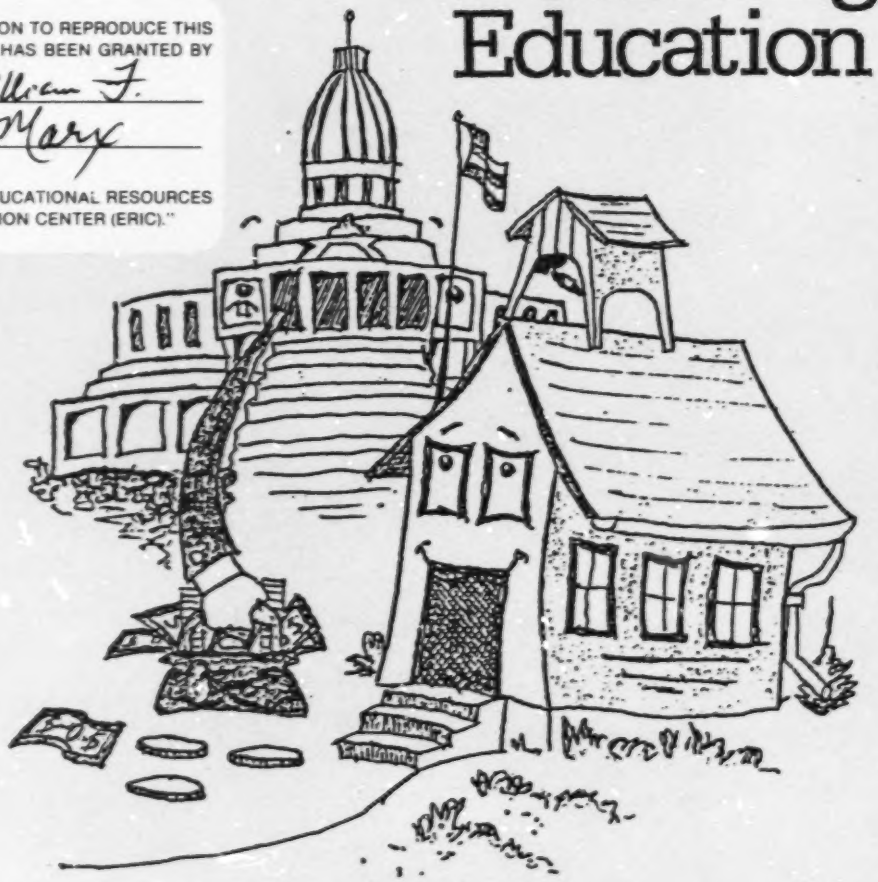
Financing Education



Minnesota 1983-84

BY: MINNESOTA HOUSE OF REPRESENTATIVES

EDUCATION COMMITTEE

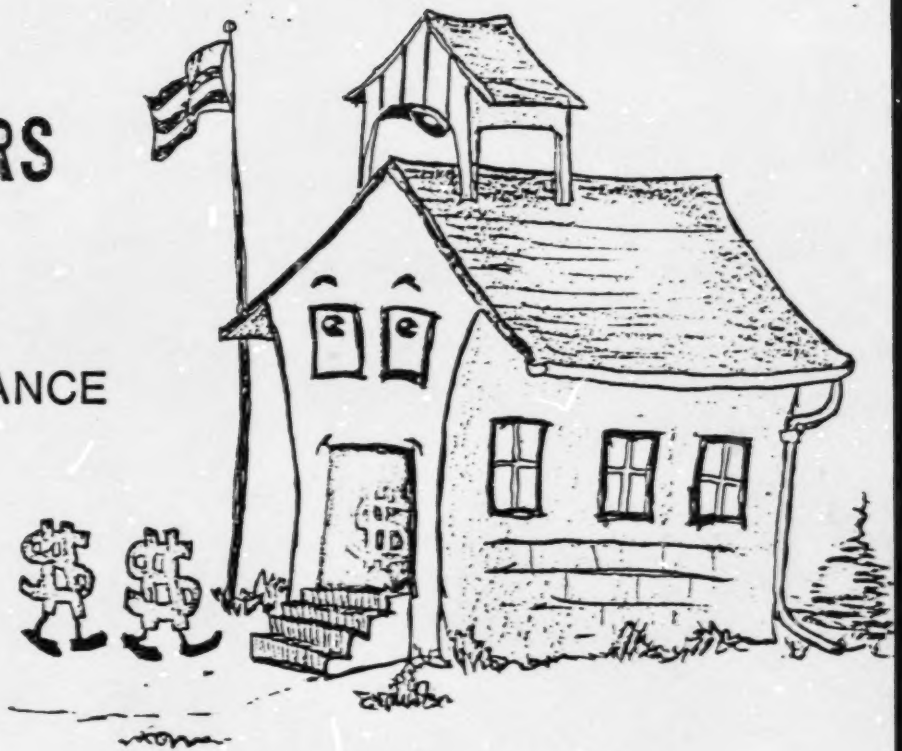
August, 1983

EDUCATION REVENUE

TOTAL DOLLARS = LOCAL LEVY + STATE AID

TOTAL DOLLARS

PUPIL UNITS
X
FORMULA ALLOWANCE



LOCAL LEVY

MILL RATE
X
TAXABLE VALUE

STATE AID

TOTAL DOLLARS - LOCAL LEVY

MINNESOTA

EDUCATION FINANCE TERMS - GENERAL OVERVIEW

1. Foundation Aid Program - the method by which school districts receive the majority of their financial support. The foundation aid program includes a number of components which are funded by a combination of state aids and local property taxes. The components include:

A. Basic Foundation Aid and Basic Maintenance Levy, Equalizing Factor

This establishes the basic level of finance for school districts. The foundation aid is determined by subtracting the amount raised by the levy from the formula allowance.

School Year	Foundation Aid Formula Allowance	Basic Maintenance Levy
1979-80	$1182	27 mills
1980-81	1265	23 mills
1981-82	1333	21 mills
1982-83	1346*	24 mills
1983-84	1475	24 mills
1984-85	1475	24 mills

*The 1982-83 formula allowance was set at $1346 although the appropriation was adequate to fund only $1313.

The Equalizing Factor is determined by dividing the basic foundation aid formula allowance by the basic maintenance levy (1475 ÷ .024 = 61,458).

B. Replacement Allowance (1983-84 only)

Beginning with revenue for the 1980-81 school year, the replacement aid and levy replace aid that districts would have received for decline or growth and sparsity. The replacement allowance is equalized on the same basis as the foundation aid formula. The amount of the replacement allowance is the revenue that the district would have earned from decline or growth and sparsity aid in 1980-81. It is increased each year by the same percentage that the foundation aid formula allowance is increased.

C. Grandfather Allowance (1983-84 only)

Districts which were spending above the statewide average cost of $663 per pupil unit in 1970-71 are allowed an additional levy in the amount that the district's 1970-71 cost per pupil unit exceeded $663 per pupil unit. However, beginning with revenue for the 1981-82 school year, a district's grandfather revenue amount is the greater of dollars per 1970-71 pupil unit times present pupil units or total grandfather revenue authorized for the 1980-81 school year. This has the effect of freezing the grandfather revenue for declining enrollment districts. Districts with below average EARC values receive a portion of the grandfather revenue as state aid.

D. Discretionary Allowance (1983-84 only)

Beginning with revenue for the 1980-81 school year, districts may levy a specified amount above the foundation aid formula allowance. Districts must hold public hearings and be subject to a reverse referendum and not exceed certain fund balance limits in order to make this equalized

levy. The state guarantees that a certain levy will raise a guaranteed amount per pupil unit. State aid makes up the difference between the amount raised by the levy and the guarantee. If a district's fund balance exceeds $500 per pupil unit, it loses $1 of discretionary allowance for every $1 its fund balance is over $500.

School Year	Discretionary Guarantee per Pupil Unit	Discretionary Levy
1980-81	$ 27.50	.50 mills
1981-82	64.48	1.00 mills
1982-83	138.52	2.25 mills
1983-84	153.65	2.50 mills

F. Low Fund Balance Allowance (1983-84 only)

Beginning with revenue for the 1983-84 school year, a district with a 6/30/82 fund balance below $316 per pupil unit receives an additional allowance. This low fund balance allowance is the lesser of $60 per pupil unit or the difference between $316 and the school district's fund balance. The low fund balance allowance is equalized at 75% of the equalization for the basic formula.

In 1984-85, the replacement allowance, grandfather allowance, discretionary allowance and low fund balance allowance are repealed and the following foundation aid program components established.

G. Tier I (Cost Differential Tier) Allowance (1984-85)

The Tier I (or cost differential tier) revenue allowance is equal to a district's sparsity component of the replacement allowance and the district's training and experience index minus 1.25 times $300. The Department of Education is to calculate the training and experience index for all districts. (Districts' training and experience indices range from approximately one to two.) The Tier I allowance is equalized at the same level as the basic formula.

H. Tier II Allowance (1984-85)

The Tier II revenue allowance is $150 per actual pupil unit. If a district's fund balance exceeds $500 per total pupil units, its Tier II allowance is reduced by the amount of the excess. The Tier II allowance is equalized at the same level as the basic formula.

I. Tier III Allowance (1984-85)

The Tier III revenue allowance is $100 per actual pupil unit. It is equalized at 75% of the level of the basic formula.

J. Tier IV Allowance (1984-85)

The Tier IV revenue allowance is $100 per actual pupil unit. It is equalized at 50% of the level of the basic formula.

K. Tier V Allowance (1984-85)

The Tier V revenue allowance is equal to the amount per actual pupil that a district would have received in 1984-85 from the replacement, grandfather, discretionary and low fund balance allowances minus the amount received from Tiers I, II, III and IV plus $25 per total pupil unit. Tier V allowance is equalized at 50% of the level of the basic formula.

L. Minimum Aid

A school district where more than 60% of the valuation is agricultural land is guaranteed $800 per pupil unit in state aid. State aid is defined to include foundation aid, agricultural tax credit and homestead credit and other tax relief aids. The minimum aid provision assures that eligible districts will receive 54% of the foundation aid formula allowance in state aid.

M. Shared-Time Foundation Aid

If a non-public school student attends the public school for a portion of the day, the public school receives a pro-rated share of foundation aid for that student.

2. Referendum Levy - With approval from the voters in the school district, a district may increase its levy for general fund purposes.

3. Summer School - Districts may levy $20 per actual pupil unit in attendance during the previous school year for Summer School programs.

4. Categorical Aids - additional resources for specific school programs. Categorical aids include:

   A. Transportation Aid
   B. Special Education Aid
   C. Secondary Vocational Aid
   D. Limited English Proficient Aid
   E. Gifted and Talented Aid
   F. Capital Expenditure Equalization Aid
   G. Community Education Aid
   H. Adult Vocational Aid

5. Assessor's Estimated Market Value - the value set upon real estate or other property as a basis for levying taxes. The value is determined by each local assessor.

6. Equalized Aid Review Committee (EARC) - a 4-member committee established to normalize property values based on assessment practices and market values.

   - Commissioner of Revenue
   - Commissioner of Education
   - Commissioner of Administration
   - Commissioner of Agriculture

7. EARC Value - the property value used for assessing most school taxes. It is determined by equalizing differences in assessed valuations in the different counties. This equalization process compares assessed values to sales values.

8. Assessed Value - the property value used for actual taxing purposes. Classification ratios are applied to the assessor's estimated market value to determine assessed value. For example, on agricultural land, the first $60,000 of market value is valued at 14%, remaining amounts are valued at 19% of market value.

9. Pupil Weighting - a weighted count of pupils used to determine state aid.

One Kindergartener	=	.5 pupil units
One Elementary	=	1.0 pupil units
One Secondary	=	1.4 pupil units

10. UFARS - Uniform Financial Accounting and Reporting System - a statewide accounting procedure that must be used by school districts to record financial transactions and report financial information to the state department of education.

11. School Funds - a set of financial accounts to manage school operations.

A. Operating Funds

1. General Fund - general operations of the school district
   - salaries and related expenses,
   - supplies,
   - custodial operations

2. Food Service Fund - school lunch program

3. Transportation Fund - pupil transportation

4. Community Service Fund - community service and recreation programs

B. Non-Operating Funds

1. Capital Outlay Fund - capital programs
   - acquisition of land
   - repair of buildings
   - equipment

2. Building Construction Fund

3. Debt Service - building project bonds

4. Trust and Agency Fund

12. Districts Off The Formula - In some school districts the 24 mills x EARC value is a higher figure than pupil units x $1475. These districts, which have high property values per pupil unit, are referred to as being off the formula. These districts do not receive any basic foundation aid but are still eligible for agricultural tax credit and homestead credit. The minimum aid provisions also apply to these districts.

13. Revenue Equity - In districts off the formula, the required mill levy raises more revenue than the formula allowance provides for. Beginning with taxes payable in 1984, those districts will be required to make the full required levy on a six-year phase-in basis. (In 1983 districts could levy for only the amount of revenue of the formula allowance.) The revenue raised that exceeds the formula allowance will be used to replace state money that would have been paid to a district for categorical aids. The revenue equity applies to the basic foundation allowance and to the transportation formula.

14. Property Tax Timetable - Property taxes are often referred to in various ways. Read across the following columns to find the corresponding terms referring to property taxes.

EARC (Property Value for Year Of	School Board Certified Levy in October Of	Property Taxes Payable in Calendar Year	School District Revenue for School Year
1979	1980	1981	1981-82
1980	1981	1982	1982-83
1981	1982	1983 —32%—	1982-83
		—68%—	1983-84
1982	1983	1984 —32%—	1983-84
		—68%--	1984-85
1983	1984	1985 —32%--	1984-85
		—68%--	1985-86

Beginning with property taxes payable in 1983, property taxes paid in a calendar year will be recognized as revenue in two different school years. During the 1982-83 school year, this change in revenue recognition resulted in school districts receiving approximately 132% of their anticipated property tax revenue. State aids were reduced by the additional 32% of property taxes so that the total school district revenue (state aid and property tax) received during the 1982-83 school year did not change. This recognition of approximately 132% of a year's anticipated property tax receipts occurs only during the 1982-83 school year. In subsequent school years, a district will receive approximately 68% of its property tax revenue from the levy certified during the previous school year and approximately 32% of its property tax revenue from the levy certified in the current school year.

Average Valuation in District

Gopherville School District

Number Pupil Units	=	1000
Foundation Aid Formula Allowance	=	$1475 per pupil unit
EARC Value	=	$35,000,000
Local Effort for 1983-34 Revenue	=	24 EARC mills (.024)

Formula

Formula Allowance - Local Effort = State Aid ($)

Formula Allowance	x	# Pupil Units	-	(mill rate)	x	EARC Value	=	State Aid
$1475	x	1000	-	.024	x	$35,000,000	=	State Aid
$1,475,000			-	$840,000			=	$635,000

AVERAGE VALUATION DISTRICT

State Aid Per Pupil Unit	=	$635.00
Local Revenue Per Pupil Unit	=	$840.00
Percent State Aid	=	43.1%
Percent Local Revenue	=	56.9%

Low Valuation in District

Gopherville School District

Number of Pupil Units	=	1000
Foundation Aid Formula Allowance	=	$1475 per pupil unit
EARC Value	=	$17,500,000
Local Effort for 1983-84 Revenue	=	24 EARC mills (.024)

Formula

Formula Allowance - Local Effort = State Aid ($)

Formula Allowance	x	# Pupil Units	-	(mill rate)	x	EARC Value	=	State Aid
$1475	x	1000	-	.024	x	$17,500,000	=	State Aid
$1,475,000				$420,000			=	$1,055,000

LOW VALUATION DISTRICT	State Aid Per Pupil Unit	= $1,055.00
	Local Revenue Per Pupil Unit	= $420.00
	Percent State Aid	= 71.5%
	Percent Local Revenue	= 28.5%

High Valuation in District

Gopherville School District

Number of Pupil Units	=	1000
Foundation Aid Formula Allowance	=	$1475 per pupil unit
EARC Value	=	$61,000,000
Local Effort for 1983-84 Revenue	=	24 EARC mills (.024)

Formula

Formula Allowance - Local Effort = State Aid ($)

Formula Allowance	x	# Pupil Units	-	(mill rate)	x	EARC Value	=	State Aid
$1475	x	1000	-	.024	x	$61,000,000	=	State Aid
$1,475,000			-	$1,464,000			=	$11,000

HIGH VALUATION DISTRICT	State Aid Per Pupil Unit	= $ 11.00
	Local Revenue Per Pupil Unit	= $1,464.00
	Percent State Aid	= 0.7%
	Percent Local Revenue	= 99.3%

Comparison

of

State Aid and Local Revenue Contribution

Gopherville School District

Number Pupil Units = 1000
Foundation Aid Formula Allowance = $1475 per pupil unit

	Valuation		
	Low	Average	High
EARC Value	$17,500,000	$35,000,000	$61,000,000
Local Property Tax Effort	24 mills	24 mills	24 mills
Local Revenue Contributions	$ 420,000	$ 840,000	$ 1,464,000
State Aid Contributions	$ 1,055,000	$ 635,000	$ 11,000
Percent State Aid	71.5%	43.1%	.7%
Percent Local Revenue	28.5%	56.9%	99.3%
TOTAL Revenue Available	$ 1,475,000	$ 1,475,000	$ 1,475,000

Replacement Aid and Levy

The replacement allowance is based on the amount of additional aid a district would have been eligible for in 1980–81 under the growth or decline and sparsity formulas. Each year the replacement allowance will increase by the same percent that the foundation aid formula allowance increases. The percentage of the replacement allowance that are state aid and local levy will be the same as on the foundation aid formula.

Example

1983–84 School Year
Gopherville School District

Number of pupil units	1000
Foundation Aid Formula Allowance	$1475
EARC value per pupil unit	$35,000
Local effort for 1983–84 revenue	24 EARC mills
Amount of decline or growth and sparsity aid district would have received in 1980–81 per pupil unit	$100
Replacement inflator (relationship between $1265 and $1475)	1.166

Replacement Allowance = Replacement Inflator x (1980–81 decline, growth and sparsity aid per pupil unit) x (1983–84 pupil units)

= 1.166 x $100 x 1,000

= $116,600

$$\text{Replacement Levy} = \text{Replacement Allowance} \times \left(\text{District EARC per pupil unit} \div \frac{\text{Foundation Aid Formula Allowance}}{\text{Local Effort}} \right)$$

$$= \$116{,}600 \times \left(\$35{,}000 \div \frac{\$1475}{.024} \right)$$

= $116,600 x ($35,000 ÷ $61,458)

= $116,600 x .569*

= $66,400

Replacement Aid = Replacement Allowance - Replacement Levy

= $116,600 - $66,400

= $50,200

*In this example, the district is levying for 56.9% of the replacement allowance, the remaining amount will be state aid.

Grandfather Levy and Aid

Districts which were spending above the statewide average cost of $663 per pupil unit in 1970-71 are allowed an additional levy in the amount that the district's 1970-71 cost per pupil unit exceeded $663 per pupil unit. Assuming the district was $105 per pupil unit above average in 1970-71, it is permitted to levy an additional $105 per pupil unit each year based on the current pupil units. However, beginning with revenue for the 1981-82 school year, a district's grandfather revenue allowance is the greater of dollars per 1970-71 pupil unit times present pupil units or total grandfather revenue authorized for the 1979-80 school year. This has the effect of freezing the grandfather revenue for declining enrollment districts. Districts with below average EARC values receive a portion of the grandfather revenue as state aid.

Gopherville School District

Number of pupil units	1000
EARC	$17,500,000
District EARC per pupil unit	$17,500
Statewide average EARC per pupil unit	$34,400
1970-71 above average expenditure	$105
1979-80 grandfather revenue amount	$107,100

Grandfather Allowance = the greater of: a) 1979-80 grandfather amount; or

b) 1970-71 above average x pupil units expenditure

= the greater of: a) $107,100; or b) $105 x 1000

= the greater of: a) $107,100; or b) $105,000

= $107,100

$$\text{Grandfather Levy} = \text{Grandfather Allowance} \times \frac{\text{District's EARC per pupil unit}}{\text{Statewide average EARC per pupil unit}}$$

$$= \$107{,}100 \times \frac{\$17{,}500}{\$34{,}400}$$

$$= \$107{,}100 \times .509^{**}$$

$$= \$54{,}484$$

Grandfather Aid = Grandfather Allowance - Grandfather Levy

= $107,100 - $54,484

= $ 52,616

*This factor is used only for districts where the district's EARC per pupil unit is less than the statewide average EARC per pupil unit. In districts where the district's EARC is higher than the statewide average, assume this factor is 1; the district levies the full grandfather allowance and receives no grandfather aid.

**In this example, the district is levying for 50.9% of the grandfather allowance; the remaining amount will be state aid.

Discretionary Aid and Levy

For revenue in the 1983-84 school year a school district may levy a 2.5 mill discretionary levy. The state guarantees that this levy will raise $153.65 per pupil unit. The difference between the levy proceeds and the guarantee is paid as state aid.

Example

1983-84 School Year
Gopherville School District

Number of Pupil Units	1000
Foundation Aid Formula Allowance	$1475
EARC	$35,000,000
Local Effort for 1983-84 Revenue	24 EARC mills

Levy Formula

Discretionary Levy = 2.5 mills x EARC
= .0025 x $35,000,000
= $87,500

Aid Formula

Discretionary Aid = $153.65* x pupil units - amount of discretionary levy
= $153.65 x 1000 - $87,500
= 153,650 - 87,500
= $66,150

TOTAL discretionary revenue = $153,650

*The $153.65 equals 2.5 mills x the formula allowance ÷ by the mill rate:

$$.0025 \times \frac{\$1475}{.024} = \$153.65$$

LOW FUND BALANCE ALLOWANCE

1983-84 SCHOOL YEAR REVENUE

To qualify for a low fund balance allowance for 1983-84, a district's 6/30/82 fund balance per pupil unit must be less than $316. The low fund balance allowance is the lesser of $60 per pupil unit or the difference between $316 and the district's 6/30/82 fund balance. It is assumed that Gopherville's 6/30/82 fund balance will be below $256 ($316 minus $60) per pupil so the 1983-84 low fund balance allowance for Gopherville will be $60 per pupil unit.

Example

Gopherville School District

Number of pupil units	1000
Foundation aid formula allowance	$1475
Local effort for 1983-84 revenue	24 mills (.024)
District EARC value per pupil unit	$35,000
Low fund balance allowance per pupil unit	$60

Low Fund Balance Allowance = LFB Allowance per pupil unit x pupil units

= $60 x 1000

= $60,000

Low Fund Balance Levy = LFB Allowance x [District EARC per pupil unit ÷ (75% x $\frac{\text{formula allowance}}{\text{mill rate}}$)]

= $60,000 x [$35,000 ÷ (.75 x $\frac{\$1475}{.024}$)]

= $60,000 x [$35,000 ÷ (.75 x $61,458)]

= $60,000 x ($35,000 ÷ $46,093)

= $60,000 x .759*

= $45,560

Low fund balance aid = LFB allowance - LFB levy

= $60,000 - $45,560

= $14,440

*In this school district, 75.9% of the low fund balance allowance will be received from the levy.

Determination of the Equalizing Factor

Basic Foundation Formula Allowance Per Pupil Unit = $1475
Basic Maintenance Mill Rate = .024
1 mill = .001

$$\text{Equalizing Factor} = \frac{\text{Basic Foundation Formula Allowance}}{\text{Basic Maintenance Mill Rate}}$$

$$= \frac{\$1475}{.024}$$

$$= \$61,458$$

The state equalizes the basic foundation formula at this level. For every 1 mill levied, the state guaranteed the district will receive $61.46 per total pupil unit. ($61,458 x .001 = $61.46) When a school district'sEARC property value per total pupil unit exceeds $61,458, the district will be off the formula. If a school district's property value is $35,000 per total pupil unit (56.9% of $61,458), it would receive 56.9% of its basic foundation revenue from the maintenance levy and 43.1% from state foundation aid.

Formulas that are equalized at 100% of the equalizing factor are guaranteed to raise $61.46 per total pupil unit for each 1 mill levied. For example:

	Basic Formula		Equalizing Factor		Discretionary Allowance		Tier II Allowance
Guarantee	1475	=	61.46	=	153.65	=	150
Mill Rate	24		1		2.5		2.44

A formula that is equalized at 75% of the equalizing factor or 75% of the level of the basic formula is guaranteed to raise $46.09 per total pupil unit for each 1 mill levied (.75 x $61.46). A formula that is equalized at 50% of the equalizing factor or 50% of the level of the basic formula is guaranteed to raise $30.73 per total pupil unit for each 1 mill levied (.50 x $61.46).

COMPARISON - 1984-85 Foundation Formula - New Tier Formula and Old Law

	Tier Formula	Old Law	
Tier V	Amount Old Formula Funding exceeds Tiers I-IV + $25 x total p.u. Guarantee: 1 mill = $30.73		
Tier IV	$100 x WADM Guarantee: 1 mill = $30.73	Districts' 1970-71 above average expenditure amount Guarantee: Approximately 1 mill = $30	GRANDFATHER
Tier III	$100 x WADM Guarantee: 1 mill = $46.09	$60 x WADM Fund balance below $316 Guarantee: 1 mill = $46.09	LOW FUND BALANCE
Tier II	$150 x WADM Access limited if fund balances over $500 Guarantee: 1 mill = $61.45	$153.65 x total p.u. Access limited if fund balance over $500 Guarantee: 1 mill = $61.45	DISCRETIONARY
Tier I	[(T + E index - 1.25) x 300 + sparsity factor] x WADM Guarantee: 1 mill = $61.45	Districts' 1980-81 sparsity decline, or growth amount x inflation factor x total p.u. Guarantee: 1 mill = $61.45	REPLACEMENT
Basic	$1475 x total p.u. Guarantee: 1 mill = $61.45	$1475 x total p.u. Guarantee: 1 mill = $61.45	BASIC

Notes:
1. WADM = Weighted average daily membership or regular pupil units
2. Total P.U. = WADM + AFDC pupil units
3. T & E index = A Training and Experience index will be established for each school district
4. Guarantee is the revenue per total pupil unit that one mill is guaranteed to raise. That is, the district makes a 1 mill levy and state aid pays the remainder to make up the guarantee. A guarantee of $61.45 = $\frac{1475 \text{ (formula allowance)}}{24 \text{ (mill rate)}}$
5. Actual revenue for 1984-85 is based on a 4-year phase-in of the difference between old formula and new tier formula. However every district is guaranteed a $25 increase per total p.u. in 1984-85 over old law.

20

21

Referendum Levy

A school district may increase its levy by a referendum approved by the voters of the district. The ballot question must state the amount of the proposed levy in mills and the dollars raised by that millage the first year it is to be in effect. The additional levy authority is permanent unless the ballot question limits it to a certain number of years. If the referendum on additional levy authority is approved by the voters, the school board may levy that total amount or any portion of that amount. This levy authority can be revoked by referendum.

(This example assumes voter approval of a 5 mill referendum and the school board levies the full authorization.)

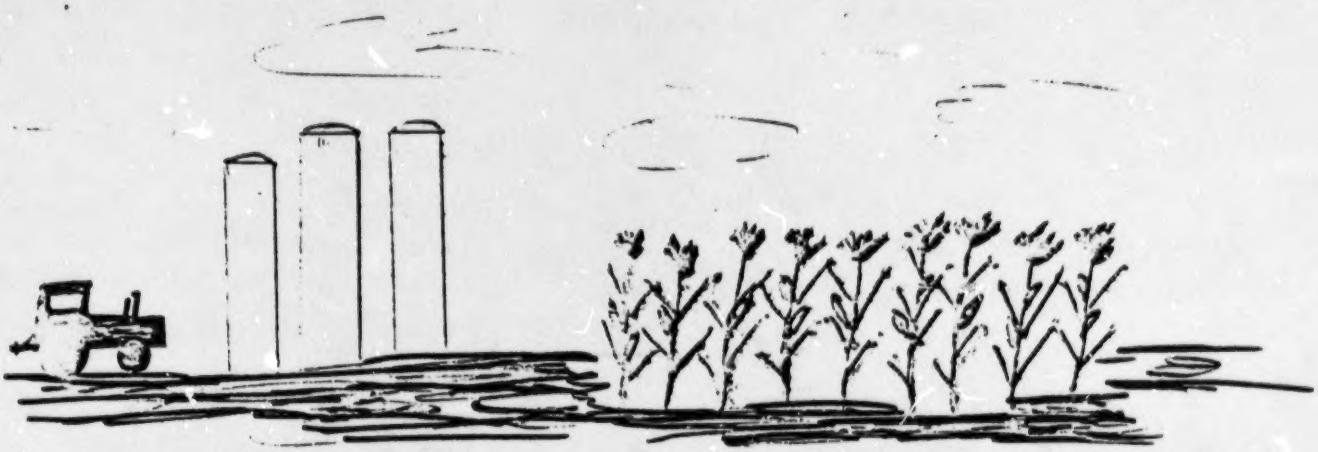
Gopherville School District

Number of Pupil Units	1000
*Taxable value	$25,000,000
EARC value	$35,000,000
Referendum levy authorization	5 mills

Calculation

Taxable value	x mill rate	=	Additional Revenue
$25,000,000	x .005	=	Additional Revenue
	$125,000	=	Additional Revenue

*For a referendum levy, the taxable value rather than EARC value is used.



Minimum Aid

Districts where agricultural land comprises 60% or more of the assessed valuation of the district are guaranteed $800 per pupil unit in state aid. The $800 of minimum aid includes any foundation aid the district may receive plus any tax relief aids such as homestead credit, agricultural credit, wetlands credit, etc. received by the district.

Gopherville School District

Number of Pupil Units	1000
Foundation Aid	$ 73,000
Homestead Credit	$240,000
Agricultural Tax Credit	$300,000
Other Tax Credits	$ 5,000

Minimum Aid = (Pupil Units x Guarantee) - (Foundation Aid + Property Tax Relief Aid)

= 1000 x $800 - ($73,000 + $240,000 + $300,000 + $5,000)

= $800,000 - $618,000

= $182,000

The school district's local effort is then reduced by the amount of minimum aid the district receives. This means the district will not receive additional funding but the percentage of that funding from the state will increase.

AFDC Aid

Beginning in the 1981-82 school year, a district may count 98.5% of its 1980-81 AFDC pupil units in the foundation aid formula. (See page 22 for explanation of 1980-81 AFDC pupil units.)

Gopherville School District

Number Pupil Units	=	1000
Number of AFDC units 1980-81	=	90
1983-84 AFDC units = 90 x .985	=	88.65
EARC Value	=	$35,000,000
Local Effort for 1981-82 Revenue	=	24 EARC mills (.024)
Foundation Aid Formula Allowance	=	$1475

Formula

Formula Allowance	x	# Pupil Units	-	mill rate	x	EARC Value	=	State Aid
$1475	x	1088.65	-	.024	x	$35,000,000	=	State Aid
$1,605,759			-	$840,000			=	$765,759

Total revenue available per actual pupil unit (with AFDC)

$1,605,759 ÷ 1000 = $1605.76

Total revenue available per actual pupil unit (without AFDC)

$1,475,000 ÷ 1000 = $1475.00

Extra Revenue per Pupil Unit = $130.76

Calculation of 1980-81 AFDC Pupil Units

Through the 1980-81 school year, school districts received additional pupil units for the number of students in the district in that year from families receiving Aid to Families with Dependent Children (AFDC). This additional aid is intended to meet the problems of educational overburden caused by broken homes, poverty and low income. There are two types of AFDC pupil unit weighting: regular and concentration. The regular weighting provides an additional .5 pupil unit for each student from a family receiving AFDC. If a district's percent of students from families receiving AFDC is above 5%, the district receives an additional .1 pupil unit per student from a family receiving AFDC for each percent of concentration above 5% up to a maximum of .6 additional pupil units. Thus each student from a family receiving AFDC could generate up to 1.1 AFDC pupil units (.5 regular + .6 concentration). These pupil units are in addition to the regular weighting (1 for elementary, 1.4 for secondary) generated by this student.

AFDC Pupil Weighting Schedule

% of Students in District From AFDC Families		Regular AFDC Units		Concentration AFDC Units		Total AFDC Units
up to 6%	=	.5	+	0	=	.5
6% to 7%	=	.5	+	.1	=	.6
7% to 8%	=	.5	+	.2	=	.7
8% to 9%	=	.5	+	.3	=	.8
9% to 10%	=	.5	+	.4	=	.9
10% to 11%	=	.5	+	.5	=	1.0
11% and above	=	.5	+	.6	=	1.1

Example

Gopherville School District

Number of regular pupil units	=	1000		
Number of students from AFDC families	=	90 (9% AFDC)		
Regular AFDC units	=	90 x .5	=	45
Concentration AFDC units	=	90 x .4	=	36
Total additional units			=	81

1980-81 Calculation - Decline Aid

Option A, Four Year Averaging

Gopherville School District

Pupil Units 1977-78	=	1300
Pupil Units 1978-79	=	1200
Pupil Units 1980-81	=	1100
Pupil Units 1980-81	=	1000
Foundation Aid Formula Allowance	=	$1265 per pupil unit

Declining districts may average the number of pupil units for the current year and the prior 3 years for aid purposes. Thus:

(1000 + 1100 + 1200 + 1300) ÷ 4 = 1150 P.U.

Gopherville has 150 additional pupil units.

150 pupil units x $1265 = $189,750
Decline Aid = $189,750

Option B, Two Year Difference

Gopherville School District

Pupil Units 1977-78	=	1000
Pupil Units 1978-79	=	1050
Pupil Units 1979-80	=	1100
Pupil Units 1980-81	=	1000
Foundation Aid Formula Allowance	=	$1265 per pupil unit

Declining districts may include 60% of the loss of pupil units between the prior year and current year. Thus, a reduction of 100 pupil units would net a reduction of 40 pupil units in the calculation of state aid in the year following the loss. Districts that would gain more from this provision than from 4-year averaging are those where the enrollment has not been declining steadily.

Gopherville has 60 additional pupil units.

60 pupil units x $1265 = $75,900
Decline Aid = $75,900

Beginning with the 1980-81 school year, the amount of decline aid became part of the replacement aid and levy. See the replacement aid and levy formula: Page 13

1980-81 Calculation - Growth Aid

Gopherville School District

Number Pupil Units 1979-80	=	965
Number Pupil Units 1980-81	=	1000*
Foundation Aid Formula Allowance	=	$1265 per pupil unit

*Note an increase of 35 pupil units = 3.6% growth

Formula: If a district's enrollment increases, the district may add .1 unit x the number of units increased for each percent (rounded to the next whole percent) of increase up to a maximum of .5 additional units.
Thus: an increase of 35 units at 3.6% (rounded to 4) growth would add an extra 14 units.

35 Units x .4 = 14 extra units

Gopherville has 14 additional pupil units.

14 pupil units x $1265 = $17,710

Growth aid = $17,710

Beginning with the 1980-81 school year, the amount of growth aid became part of the replacement aid and levy. See the replacement aid and levy: Page 13

1980-81 Calculation - Sparsity Aid

Gopherville School District

Pupil Units	=	550
High School Average Daily Membership (ADM)	=	300
Foundation Aid Formula Allowance	=	$1265 per pupil unit
High School Attendance Area	=	200 square miles
Distance from High School to Nearest High School	=	40 miles
Isolation Index	=	50

School districts with a sparsely populated high school attendance area may be eligible for sparsity aid. This aid is intended for the additional program needs of these districts. To be eligible a high school must have a secondary ADM of less than 500 and an isolation index (ii) greater than 18.

Formula

$$\text{Foundation Aid Formula Allowance} \times \text{Secondary Average Daily Membership} \times \left(\frac{500 - \text{Sec. ADM}}{500 + \text{Sec. ADM}}\right) \times \left(\frac{ii - 18}{ii}\right)$$

ii = the sum of the distance between a district's high school and the nearest other high school plus the square root of one-half of the area of the district's high school attendance area.

$$\$1265 \times 300 \times \left(\frac{500 - 300}{500 + 300}\right) \times \left(\frac{50 - 18}{50}\right)$$

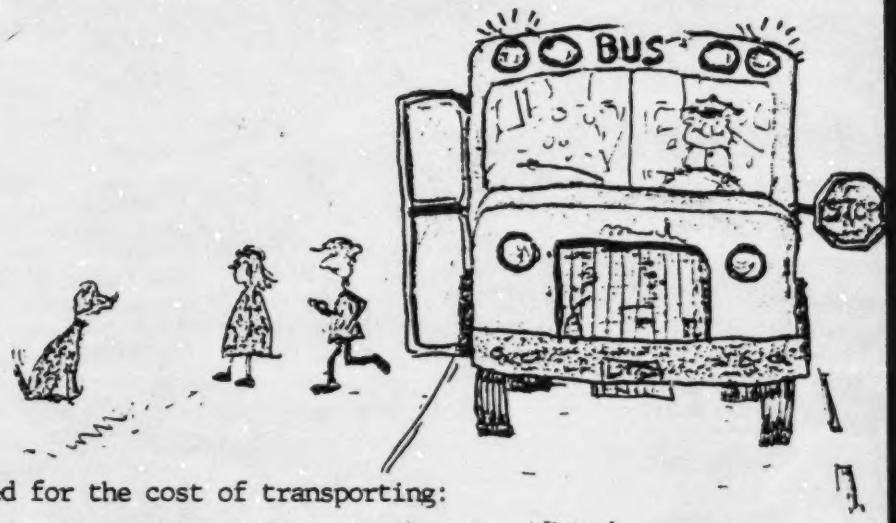
$$\$1265 \times 300 \times \left(\frac{200}{700}\right) \times \left(\frac{32}{50}\right)$$

$$\$1265 \times 300 \times .29 \times .64$$

Sparsity Aid = $70,435

Beginning with the 1980-81 school year, the amount of sparsity aid became part of the replacement aid and levy formula. See replacement aid and levy formula: page 13

Transportation Aid



Transportation aid is authorized for the cost of transporting:

1. Elementary students living more than one mile from school and secondary students living more than two miles from school;
2. Secondary vocational students to vocational centers;
3. Handicapped students;
4. Board and lodging for non-resident handicapped students;
5. Shared-time students;
6. Non-public school students;
7. Students in summer school programs;
8. Students to jointly offered (between districts) classes:
9. Students between school buildings within the district.

The transportation aid formula uses the following terms in a multiple regression formula to predict a base-year transportation cost for each district:

1. District's average daily membership;
2. Reciprocal of the district's average daily membership;
3. Logarithm of the number of students transported per square mile;
4. District's administrative overhead for transportation per student transported;
5. Number of schools to which students are transported divided by total students transported;
6. If the district is non-rural;
7. If the district contracts for bus service or owns its buses;
8. Percent of buses used not owned by the district;
9. If the district operates an activities bus.

Note: In 1984-85 and after the formula will use the following terms:

1. Logarithm of the lesser of (a) students transported per square mile or (b) 200
2. Whether the district is non-rural
3. Logarithm of the percent of students transported in buses not owned by the district

The formula determines a predicted cost per student transported for each district for the base year (1981-82). This predicted cost is compared to the district's actual cost for the base year. If the district's predicted cost exceeds the actual cost, the predicted cost is adjusted as follows:

1. If the actual cost is within 5% of the predicted cost, the adjusted predicted cost shall equal actual cost.
2. If the actual cost exceeds the predicted cost by more than 5%, the adjusted predicted cost shall equal 105% of the predicted cost plus 40% of the difference between 105% of the predicted costs and actual cost.
3. In no case shall a district's adjusted predicted cost be less than 80% of actual cost.

If the district's predicted cost is less than the actual cost, the predicted cost is adjusted as follows:

1. If the actual cost is within 5% of the predicted cost, the adjusted predicted cost shall equal actual cost.
2. If the actual cost is more than 5% less than the predicted cost, the adjusted cost shall equal 95% of the predicted cost minus 40% of the difference between 95% of predicted cost and actual cost.
3. In no case shall a district's adjusted predicted cost be more than 120% of actual cost.

The district's adjusted predicted cost per student transported for the base year (1981-82) is then increased by 11.7%. For 1983-84, the number of students for which a district receives aid will be the same percentage as the percentage of students transported in the base year (1981-82). In addition, districts which are transporting more students because of school closings will be eligible for limited additional aid for transporting those students.

A district's transportation aid is its adjusted predicted cost minus the proceeds of a two mill levy. In addition, a district may levy for the cost of transporting students who are ineligible for transportation aid if it would be hazardous for the students to walk. Districts may also levy for the costs of transporting secondary students who live between one and two miles from school.

Example

Gopherville School District

Number of students - 1983-84	1000
Percent of students transported - 1981-82	80%
EARC value	$35,000,000
Adjusted predicted cost per student transported	$250

Transportation Entitlement = (Percent of students transported in 1981-82 x number of students in 1983-84) x adjusted predicted cost per student transported

= (.80 x 1000) x $250

= 800 x $250

= $200,000

Transportation Levy = 2 mills x EARC value

= .002 x $35,000,000

= $70,000

Transportation Aid = Transportation entitlement - Transportation levy

= $200,000 - $70,000

= $130,000

Special Education

The State pays:

1) 70% of the salaries of teachers and essential personnel; plus

2) 50% of supplies and materials (to a limit of $50 per student); plus

3) 60% of the difference between the foundation aid formula allowance and the amount of a contract or tuition charged a home district for special education services provided by contract or in a residential facility.

Example

Gopherville School District

Number Pupil Units	=	1000	
Number of students receiving special education instruction	=	110	
Number Special Education Staff	=	5	
1. 5 staff @ $20,000 each	=	$100,000	
$100,000 x .70	=		$70,000
(Aid is $14,000 per teacher)			
2. Equipment and material cost	=	$ 2,150	
$2150 x .50	=		$ 1,075
(Maximum would be 110 x $50 = $5500)			
3. Contracts for special education services with another district:			
1 @ $5000 1 @ $2,200			
($5000 - $1475) = $3525 x .60	=	$ 2,115	
($2200 - $1475) = $725 x .60	=	$ 435	
Total Aid			$ 2,550
Total Special Education Aid	=		$73,625

Secondary Vocational Education Aid

The State pays:

1) 45% of the salary of essential licensed personnel; plus

2) 45% of necessary teacher travel between instructional sites and to vocational student organization meetings within the state.

Example

Gopherville School District

Number Pupil Units	=	1000
Number Certified Vocational Teachers	=	5

1. Salary Essential Personnel
   5 teachers @ $18,000 each= $90,000
   $90,000 x .45 = $40,500 State Aid

2. Travel
   $3,000 x .45 = $1,350 State Aid

Total Aid = $41,850 State Aid

Limited English Proficient Aid

School districts with limited English proficient (LEP) students can receive aid to recognize the additional cost of educating these students. A LEP student is defined as one whose primary language is not English and whose score is significantly below the average score for students of the same age on an English reading or language arts test.

A district receives aid which is equal to up to 65 percent of the salary of a full-time teacher for each 45 LEP students or a proportionate amount for less than 45 LEP students. However, a district with less than 22 LEP students is guaranteed 65 percent of one half-time teacher's salary.

Example

Gopherville School District

Number of LEP students	=	65
LEP teachers	=	1 @ $16,000 1 @ $14,000
For the first 45 LEP students, the district receives 65% of $16,000	=	$10,400
For the remaining 20 LEP students, the district receives 20/45 x 65% x $14,000	=	$ 4,044
Total LEP Aid	=	$14,444

Gifted and Talented Aid

A district which establishes a program for gifted and talented students is eligible for state aid. No more than 5% of the students in the district may be counted as gifted and talented for the purposes of determining aid. For 1983-84, the aid is $18.25 per gifted and talented student. For 1984-85, the aid will be $19.00 per gifted and talented student.

Example

Gopherville School District

Number of students	1000
Maximum number - gifted and talented students for aid purposes	50
Maximum aid = 50 students x $18.25	$912.50
= $912.50	

Capital Expenditure Levy and Aid

For 1983-84 districts are allowed to levy up to $90 per pupil unit ($95 in growth districts) not to exceed 7 EARC mills for capital expenditure purposes. The amount that $90 (or $95) times pupil units exceeds 7 EARC mills is paid by the state as capital expenditure equalization aid.

Example in Average Valuation School District

Gopherville School District

Number of Pupil Units	1000
EARC Value	$35,000,000

Formula

Formula Authorization	=	$90	x	Pupil Units
	=	$90	x	1000
	=	$90,000		

Limit

Limit	=	.007 (7 EARC mills)	x	$35,000,000
	=	$245,000		

Gopherville School District could make the levy of $90,000 since the 7 EARC mill limit is $245,000 The $90,000 does not exceed the $245,000.

In addition to the $90 per pupil unit authorization, a district may make a special purpose capital expenditure levy of an additional $25 per pupil unit not to exceed 2 mills. The proceeds of this levy must be used for energy conservation measures, handicapped access and fire code compliance.

Capital Expenditure Levy and Aid

Example in Low Valuation School District

Gopherville School District

Number of Pupil Units	1000
EARC Value	$10,000,000

Formula

Formula Authorization	=	$90	x	Pupil Units
	=	$90	x	1000
	=	$90,000		

Limit

Limit	=	.007 (7 EARC mills)	x	$10,000,000
	=	$70,000		

Gopherville School District is limited to a levy of $70,000. The difference between the limit and the formula authorization is paid as state aid.

Capital Expenditure Equalization Aid	=	Formula Authorization	-	Levy Limit
	=	$90,000	-	$70,000
	=	$20,000		

If Gopherville School District makes its maximum allowable levy of $70,000, it is eligible for capital expenditure equalization aid of $20,000.

A district with low property value may also qualify for state aid on the special purpose capital expenditure levy. If 2 mills raises less than $25 per pupil unit, the state aid will make up the difference. In this example, 2 mills times property value (.002 x $10,000,000) will raise $20,000; the maximum allowed is $25 times pupil units ($25 x 1000) or $25,000. In this district, the district would levy $20,000 (the amount allowed with the 2 mill limit) and the state would pay the remaining $5,000.

Community Education

Community Education programs are designed to provide the school district residents with the opportunity to utilize educational facilities and programs during non-school hours. Community education programs may also be offered to K-12 students during the summer. In 1983-84, an additional 25¢ per capita in community education aid may be used for early childhood and family education programs or other community education programs. In districts with COE early childhood and family education programs, the 25¢ must be used for those programs.

Community Education Funding - 1983-84

1. A. State aid shall equal the greater of:
   1) $5 per capita (per resident) minus .9 mill
   2) 25¢ per capita
   3) $7,000 per district

   B. Plus 25¢ per capita for early childhood or other programs

2. Districts may levy for community education an amount that corresponds with the aid level above:
   1) .9 mill
   2) $4.75 per capita ($5.00 per capita minus 25¢ aid)
   3) $5 per capita minus $7,000

   In addition, a district may levy any amount by which its 1982-83 revenue exceeded $5 per capita.

3. Districts may charge fees for each course.

Example

Gopherville School District

Number of district residents	=	7,000
EARC property value	=	$35,000,000

1. A. Aid equals the greater of:

1) $5 per capita - .9 mill($35,000-$31,500)	=	$3,500
2) 25¢ per capita	=	$1,750
3) $7,000 per district	=	$7,000
B. Plus 25¢ per capita	=	$1,750

2. Levy equals $5 per capita minus $7,000
   = $35,000 - $7,000
   = $28,000

Gopherville School District would receive:

Levy	$28,000
Regular Aid	7,000
Additional Aid	1,750
Total	$36,750

Adult Vocational Education Aid

The State pays:

1) 75% of the salaries of essential licensed personnel; plus

2) 50% of the cost of necessary travel between instructional sites.

Example

Gopherville School District

Number Adult Vocational Pupils	-	110
Number Certified Vocational Teachers	-	4

1. Salary Essential Personnel

1 fulltime teacher @ $18,000	=	$18,000
3 parttime teachers @ $4,000 each	=	$12,000
Total Salaries	=	$30,000
$30,000 x .75	=	$22,500 State Aid

2. Travel Cost

	=	$2,200
$2,200 x .50	=	$1,100 State Aid
Total Cost	=	$32,200
Total Aid	=	$23,600

Property Tax Relief Aids

Property Taxes Payable in 1984

The property tax relief aids replace property tax assessments with state payments. The effect is that the property taxpayer pays less than the taxes assessed on property and the state makes up that difference in a state payment to the taxing district. Tax relief aids include:

1. Homestead Credit

The state pays a portion of the homestead property owner's school tax through the homestead credit. Fifty-four percent of the property taxes on the first $67,000 market value of homestead property up to $650 per homestead are deducted from the homeowner's tax bill and that amount is then paid to the appropriate taxing districts by the state in a ratio of the taxing districts' mill rate to the total mill rate for the taxing area. On agricultural property, the homestead credit is 54% of all property taxes not to exceed $650 and is applied to the entire farm. In calculating homestead property taxes, the amount of the homestead credit is subtracted from the property taxes and then that amount is paid to the school district by the Department of Education.

2. State School Agricultural Credit

As part of foundation aid payments, the state pays school districts the amount of the state school agricultural credit. The agricultural credit is 29% of the tax levy on the first 320 acres of homestead agricultural property, excluding the homestead dwelling and surrounding one acre but including other buildings and structures, 13% of the tax levy on the next 320 acres of homestead agricultural property and 10% on homestead agricultural property over 640 acres.

The agricultural credit on non-homestead agricultural property is 13% of the tax levy on the first 320 acres and 10% of the tax levy on property over 320 acres. The credit on timber land is 10% of the tax levy. The agricultural credit provides school tax relief to agricultural property owners. In calculating farm property taxes, the amount of the agricultural credit is subtracted from the property taxes and then that amount is paid directly by the Department of Education to the school district.

3. Others

Other tax relief aids include wetlands credit (to owners of wetland, which could be drained but which is preserved in its natural condition), and native prairie credit (to owners of native prairie).

Tax Relief Aid

(For Property Taxes Payable in 1984)

City

Urban Homestead		
Market Value		$70,000
Assessor's Estimated Market Value		59,500
Assessed Value		10,705
Gross Taxes+		
County	(33 mills)	$ 353.26
City	(27 mills)	289.03
School	(45 mills)	481.73
	(105 mills)	$ 1,124.02
Reduction		
Homestead Credit (54% up to $650)		-$ 606.97
Net Property Tax		$ 517.05

Effect on Homeowners' Property Taxes

Tax without this credit	=	$ 1,124.02	
Property Tax Reduction	=	606.97	(a 54% reduction)
Tax After Homestead Credit Reductions	=	517.05	

Of the homestead credit, the school district is paid an amount equal to the ratio of the school district's mill rate to the total mill rate times the amount of the homestead credit reduction.

$\frac{45}{105}$ x $606.97 = $260.13

Tax relief aid paid to the school district = $ 260.13

The $260.13 is paid to the school district by the state and replaces a portion of the levy certified by the district.

+These mill rates are in auditor's mills, not EARC mills.

TAX RELIEF AID
(For Property Taxes Payable in 1984)

Agricultural

Farm - 320 Acres		
Market value		$450,000.00
Assessor's estimated market value		300,000.00
(Assessor's estimated market value - homestead and 1 acre)		35,000.00
Assessed value		54,000.00
Gross Taxes+		
County	(30 mills)	$ 1,620.00
Township	(7 mills)	378.00
School	(48 mills)	2,592.00
	85 mills	$ 4,590.00
Reductions		
Agricultural tax credit (29% of the gross tax on the first 320 acres excluding the homestead & 1 acre)		$ 1,210.32
Homestead credit(54% of taxes up to $650)		650.00
Net Property Tax		$ 2,729.68

Effect on Farmer's Property Taxes

Tax without credits	=	$ 4,590.00	
Property Tax reduction	=	1,860.32	(a 40.5% reduction)
Tax after credits	=	2,729.68	

The total amount of the agricultural tax credit is paid to the school district by the state. The school district is paid an amount of the homestead credit equal to the ratio of the school district's adjusted mill rate* to the total adjusted mill rate times the amount of the homestead credit reduction.

$$\frac{45^*}{85} \quad x \quad \$650 \quad = \quad \$344$$

Tax relief aid paid to the school district:

$1,210.32 (ag) + $344 (homestead) = $1,554.32

The $1,554.32 is paid to the school district by the state and replaces a portion of the levy certified by the district.

+These mill rates are in auditor's mills, not EARC mills.

*An adjustment is made for the agricultural tax credit; in the example, the adjustment is 3 mills.

EFFECT OF TAX RELIEF AIDS ON SCHOOL DISTRICT REVENUE

Gopherville School District

	Levy Amount	% of Total Levy	State Aid
Maintenance	$1,200,000	71.8%	$1,500,000
Transportation	60,000	3.6%	220,000
Community Services	20,000	1.2%	12,000
Capital Expenditure	140,000	8.4%	--
Debt Service	250,000	15.0%	--
TOTAL	$1,670,000	100.0%	$1,732,000

Homestead Credit applied to property in the school district	$270,000
Agricultural Credit applied to property in the school district	300,000
TOTAL Tax Relief Aids	$570,000

The school district levy amount is reduced by the amount of the homestead credit and agricultural credit that has been applied to property in the school district.

$1,670,000 - $570,000 = $1,100,000

This is the amount of property taxes to be paid by property owners after reductions for homestead credit and agricultural credit.

The district receives the amount of homestead credit and agricultural credit as state aid.

$1,732,000 + $570,000 = $2,302,000 (state aid)

The amount of homestead credit and agricultural credit is applied to school district funds in the same proportion as that fund's levy is to the total levy.

The maintenance levy is 71.8% of the total levy; so 71.8% of the total homestead credit and agricultural credit is applied against the maintenance levy.

$570,000 x 71.8% = $409,260

In effect, the maintenance levy is $790,740 ($1,200,000 - $409,260) and the corresponding state aid is $1,909,260 ($1,500,000 + $409,260).

Education Finance Appropriations

	1983–84	1984–85
Foundation Aid	$ 585,027,000	$ 555,591,000
Transportation Aid	84,820,000	89,652,000
Special Education Aid	126,362,000	133,803,000
Community and Adult Education	5,305,000	4,628,000
Secondary Vocational Education	22,942,000	22,732,000
Adult Vocational Education	8,154,000	8,472,000
Teacher Mobility	3,200,000	3,668,500
Nonpublic Schools	6,020,000	6,645,000
Public Libraries	4,569,000	4,802,000
Maximum Effort School Aid	2,719,000	3,672,000
Council on Quality Education	1,806,000	816,000
Technology and Education Improvement	6,420,000	280,000
Other Programs	3,052,000	6,951,000
Subtotal	860,396,000	841,712,500
Teacher Retirement (TRA)	105,426,700	110,929,900
Social Security	80,206,900	86,436,400
Total	$1,046,029,600	$1,039,078,800

These are appropriation figures rather than entitlement figures. Most figures, except for the TRA and Social Security, represent 15% of the prior year's entitlement and 85% of the current year's entitlement.

AVTI appropriations are not included. Those appropriations are:

AVTI Instruction	$91,891,000	$92,248,000
AVTI Debt Service	6,987,000	6,715,000

Property Tax Relief Aid Payments To School Districts

	1983-84	1984-85
State School Agricultural Credit	$ 93,948,800	$102,400,000
Homestead Credit	248,009,700	269,000,000
Reduced Assessment Credit	6,015,400	1,310,000*
Wetlands Credit	2,029,000	470,000
Native Prairie Credit	80,200	62,500
Disaster Credit	0	212,500
Agricultural Preserve Credit	212,500	250,000
Attached Machinery Aid	2,029,200	700,000
Total - Tax Relief Aids	$352,324,800	$374,405,000

These are appropriations figures rather than entitlement figures. They represent 15% of the prior year's entitlement and 85% of the current year's entitlement.

*Reduced assessment credit is repealed for property taxes payable in 1984. This appropriation is the 15% of the prior year's entitlement.

School District Property Tax Levies

	1983-84	1984-85*
Maintenance	$980,595,000	$1,067,115,000
Transportation	83,252,000	88,336,000
Community Service	13,962,000	18,962,000
Capital Expenditure	87,119,000	94,243,000
General Debt Service	74,425,000**	128,000,000
TOTAL	$1,240,353,000	$1,396,656,000
Operating Fund Levies	$1,077,809,000	$1,174,413,000
Non-Operating Fund Levies	$ 162,544,000	$ 222,243,000

These are the levies certified for a specific year. Because of the revenue recognition shift implemented in the 1982-83 school year, 32% will be recognized in the previous fiscal year, the remaining 68% in the fiscal year for which it is levied.

* 1984-85 levies are estimated

**General Debt Service for 1983-84 was reduced by $52,275,000 due to a statutory change that reduced the surplus that could be carried in the debt service fund.

State and Local Operating Revenue Available to School Districts

This chart includes only those portions of state aids and local levies that go for general operation of the school district. The state aids that are included are foundation aid, summer school, transportation, special education, secondary vocational, teacher mobility, CQE and other programs. Retirement aid includes state contributions for teacher retirement and social security for school district employees. These are not traditionally part of the School Aids budget but do support the operation of the school district. Levies included are maintenance and transportation. Levies are a net figure with the amount of tax relief aids subtracted. The proportion of the tax relief aids reflecting the maintenance and transportation levies they replace are included here.

Operating Revenues

	1983-84	1984-85
State Aid(1)	$ 833,629,000	$ 813,493,500
Retirement Aid	185,633,600	197,366,300
Tax Relief Aid(1)	299,476,100	305,514,500
Local Levy(2)	764,370,900	849,936,500
	$2,083,109,600	$2,166,310,800
Aid Reduction - Property Tax Shift(3)	$ (20,000,000)	$ (20,000,000)
Additional Levy Revenue Recognized - Property Tax Shift(3)	$ 20,000,000	$ 20,000,000
Total Available Operating Revenue	$2,083,109,600	$2,166,310,800

Percent Revenue Change:1982-83 - 1983-84	+20.3%	-
Percent Revenue Change:1983-84 - 1984-85	-	+ 4.0%
Percent Operating Revenue from State Sources	62.3%	59.8%
Percent Operating Revenue from Local Levies	37.7%	40.2%

(1)The state aid and tax relief aid figures are the appropriation rather than entitlement and for the most part are 85% of current year's entitlement plus 15% of the previous year's entitlement.

(2)The local levy figure is the amount levied for the school year. Because of the revenue recognition shift implemented in the 1982-83 school year, 32% of the levy proceeds are recognized as revenue in the previous school year and 68% in the fiscal year for which it was levied. (3) When the 32% shifted in one year exceeds the 32% shifted in the previous year, an additional aid subtraction is made.